

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 SS-15 STR-06 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 IO-13 NEA-10 L-03 H-01 PA-01 PRS-01 OES-07
AGRE-00 /116 W

-----105403 230247Z /62

R 230157Z JAN 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 672

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USADB

PASS TREASURY FOR SHERK

E.O. 11652: N/A
TAGS: EAID, EFIN
SUBJECT: INFORMATION ON THREE SELECTED ADB PROJECTS

REF: (A) MANILA 10743, (B) MANILA 19297, (C) MANILA 4870,
(D) MANILA 2034, (E) MANILA 1270

1. PER YOUR REQUEST HAVE OBTAINED SOME ADDITIONAL INFORMATION
FROM STAFF CONCERNING LODOYO IRRIGATION PROJECT (INDONESIA),
SERAJGONJ INTEGRATED RURAL DEVELOPMENT PROJECT (BANGLADESH),
AND AGRICULTURAL CREDITS I, II AND III TO NEPAL.

2. LODOYO IRRIGATION. (APPROVED 10/29/77, \$20.5 MILLION OC.)
THIS PROJECT IN MANY WAYS REPRESENTS FURTHEST STEP BANK HAS
TAKEN IN INDONESIA TOWARDS AN INTEGRATED DELIVERY OF IRRIGA-
TION, TRANSPORT INFRASTRUCTURE AND AGRICULTURAL DEVELOPMENT
SERVICES. THE PROJECT ALSO EXEMPLIFIES BANK'S DELIBERATE
ATTEMPT TO HAVE CONSTRUCTION OF CIVIL WORKS COMPONENT
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PRIMARILY USE LABOR INTENSIVE TECHNIQUES. ALSO, ACCORDING
TO STAFF MUCH ATTENTION HAS BEEN GIVEN TO PROBLEM OF INTERNAL
INTER-AGENCY COORDINATION DURING IMPLEMENTATION PHASE.
BANK HAS ENSURED (BY LOCAL COST FINANCING) THAT EXECUTING
AGENCY WILL HAVE SUFFICIENT LOCAL CURRENCY TO BEGIN CIVIL
WORKS AND CONSULTANCY SERVICES ON A TIMELY BASIS. PROJECT
IS EXPLICITLY GEARED TO SOCIO-ECONOMIC NEEDS OF POOR IN

PROJECT AREA. STAFF FEELS THAT LODOYO PROJECT WILL SET EXAMPLE OF FUTURE BANK INVOLVEMENT IN IRRIGATION SECTOR IN INDONESIA. POPULATION OF PROJECT AREA IS 425,000 REPRESENTING ABOUT 85,000 HOUSEHOLDS OF WHICH 90 PERCENT ARE DIRECTLY ENGAGED IN AGRICULTURE. AVERAGE LAND HOLDING IS .51 HA. AND AVERAGE FARMER INCOME ESTIMATED AT \$151 ANNUALLY. AFTER PROJECT COMPLETION FARMER INCOME EXPECTED TO INCREASE TO \$371 ANNUALLY. ADDITIONAL INFORMATION SUPPLIED IN REFTEL A.

3. SERAJGONJ INTEGRATED RURAL DEVELOPMENT. (APPROVED 12/23/76, \$26.0 MILL SF.) THE OBJECTIVES OF LAON ARE TO IMPROVE FARM INCOME, CREATE JOB OPPORTUNITIES AND UPGRADE LIVING CONDITIONS OF RURAL POOR BY PROVIDING 1) IRRIGATION AND TRANSPORT INFRASTRUCTURE, 2) SUPPORT FOR AGRICULTURAL AND NON AGRICULTURAL PRODUCTS, 3) CREDITS, 4) TRAINING, AND 5) SOCIAL PROGRAMS AND SERVICES. COMPONENTS OF PROJECT ARE TO BE IMPLEMENTED USING LABOR INTENSIVE TECHNIQUES AND WITH POPULAR PARTICIPATION THROUGH MULTI-PURPOSE COOPERATIVES WHEREVER POSSIBLE. BENEFICIARIES OF PROJECT WOULD BE 905,000 INHABITANTS OF PROJECT AREA. AVERAGE INCOME FOR A FARM FAMILY WITH THREE ACRES OF LAND WOULD RISE FROM CURRENT \$180 TO \$550 ANNUALLY. AT FULL DEVELOPMENT ON-FARM LABOR DEMAND WOULD INCREASE BY ESTIMATED 15,000 MAN-YEARS. IN ADDITION BECAUSE OF EXTENSIVE USE OF LABOR INTENSIVE TECHNIQUES TO BE EMPLOYED IT IS EXPECTED THAT 18,000 FULL TIME JOBS WILL BE CREATED DURING FIVE YEAR IMPLEMENTATION PERIOD. AS USADB LIMITED OFFICIAL USE

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COMMENTED IN REFTEL B, THE COMPLEXITY AND SCOPE OF PROJECT MAKE IT ONE OF THE MOST AMBITIOUS UNDERTAKINGS ATTEMPTED BY BANK. GIVEN THE POTENTIAL BENEFITS OF THE SERAJGONJ PROJECT USADB FEELS THE BANK SHOULD BE COMPLIMENTED FOR ITS WILLINGNESS TO UNDERTAKE A DIFFICULT AND DEMANDING PROJECT.

4. AGRICULTURAL CREDITS, I, II AND III (NEPAL). (CREDIT I APPROVED 12/23/70, \$2.4 MILLION SF, CREDIT II APPROVED 4/2/74, \$3.0 MILLION SF, CREDIT III APPROVED 2/15/77, \$6.0 MILLION SF.)

THESE PROJECTS HAVE HAD TWO MAIN PURPOSES (I) TO SUPPORT THE BUILDING OF AN INSTITUTIONAL CREDIT ADMINISTRATION IN NEPAL WHICH CAN SERVICE THE NEEDS OF AGRICULTURE; AND (II)

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SIL-01 IO-13 NEA-10 L-03 H-01 PA-01 PRS-01 OES-07
AGRE-00 /116 W

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R 230157Z JAN 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 673

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USADB

PASS TREASURY FOR SHERK

TO ASSIST THIS INSTITUTION IN DISTRIBUTING PUMP-SETS FOR
SMALL IRRIGATION SCHEMES, SMALL TRACTORS, FERTILIZERS AND
THE CONSTRUCTION OF "POST-HARVEST" FACILITIES SUCH AS SMALL
MILLS AND WAREHOUSING. THIS HAS BEEN DONE THROUGH EQUIPMENT
LOANS FOR OUTFITTING THE AGRICULTURAL DEVELOPMENT BANK
OF NEPAL (ADBN) WITH NEEDED HARDWARE, COMMUNICATIONS AND
ANCILLARY EQUIPMENT TO IMPROVE ITS CREDIT ADMINISTRATION
AND MONITORING CAPACITY, AND TO PROVIDE ADBN WITH
ADDITIONAL FUNDS FOR LENDING TO FARMERS AND COOPERATIVES
IN THE FORM OF MEDIUM-TERM AND WORKING CAPITAL CREDITS
WHICH ARE TIED TO THE PURCHASE OF NEEDED PHYSICAL ASSETS
AND AGRICULTURAL INPUTS BY THE BORROWER.

NEPAL'S APPROACH TO AGRICULTURAL SUPPORT IS QUITE DIFFERENT
FROM MOST OTHER DNCs. BECAUSE ITS ADMINISTRATIVE CAPACITY IS
VERY LIMITED, AND COMMUNICATION WITHIN COUNTRY IS IMPEDED
BY TERRAIN, AND ALSO BECAUSE THE COUNTRY ITSELF IS RATHER
SMALL, THE GOVERNMENT HAS CORRECTLY DECIDED TO COORDINATE
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THE DELIVERY AND FINANCING OF ALL PURCHASED AGRICULTURAL
FACTORS THROUGH A SINGLE INSTITUTION, THE ADBN.

ACCORDING TO STAFF, CREDITS I, II AND III HAVE CONTRIBUTED
POSITIVELY TO ADBN'S ADMINISTRATIVE CAPACITY AND EFFICIENCY,
AND HAVE THEREBY HAD A MEASURABLE IMPACT ON AGRICULTURAL
PRODUCTION.

ADDITIONAL INFORMATION ON PROJECTS IS PROVIDED REFTELS
C, D AND E.
EDMOND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 23 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA01122
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780033-0508
Format: TEL
From: MANILA ADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780134/aaaabcmz.tel
Line Count: 174
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 84ff24e1-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 MANILA 10743, 78 MANILA 19297, 78 MANILA 4870, 78 MANILA 2034, 78 MANILA 1270
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3731513
Secure: OPEN
Status: NATIVE
Subject: INFORMATION ON THREE SELECTED ADB PROJECTS
TAGS: EAID, EFIN, RP, ADB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/84ff24e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014